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Japanese share drops in Europe

Political climate remains volatile despite slowdown in imports

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — After several years of growth, Japanese automakers apparently will finish 1987 with a market-share decline in Europe.

But the political clamor about Japanese imports has not quieted, and a new report predicts a sharp rise in combined Japanese market share in 1988 and continued growth during the next five years.

Through the first 10 months of 1987, Japanese car sales in Western Europe rose only 0.3 percent to 1,199,700, while overall sales climbed nearly 6 percent to 10,554,700, according to industry estimates compiled by Automotive News.

The Japanese market share slipped from 12 percent through the first 10 months of 1986 to 11.4 percent for the same period this year. Japanese sales in October alone declined 1.4 percent.

An informal agreement with the European Community caps Japan's annual growth in shipments to the Common Market at 10 percent. The 1987 increase is expected to wind up at about 7 percent.

The drop in market share follows an angry response by European politicians and industry leaders to a dramatic surge in car imports from Japan in the first quarter. The Japanese insisted at the time that the heavy imports were merely to replenish inventories following an intentional drop-off in late 1986 to comply with the 10 percent quota.

In a speech in Brussels last week, European Commissioner Karl-Heinz Karjes staked out a new bargaining position with the Japanese. He said that European countries would be willing to ease national import restrictions in exchange for a halt in the growth of imports from Japan during the next several years.

Assorted restrictions on Japanese sales are now in place in France, Italy, Spain, the United Kingdom and Portugal. The national limits could vanish in the face of efforts to create a single European market by 1992, but some auto executives fear that the Japanese can better exploit a unified European market.

Karjes said the individual restrictions will be eased only if Japan agrees on a "stabilization" plan carrying through 1992 and possibly longer. He is scheduled to take his proposal to Tokyo this month.

Meanwhile, DRI-Europe, a London-based research organization, has predicted that Japanese sales in Europe will rise from about 1.36 million in 1987 to 1.38 million next year, even though it believes the overall market will decline. Japanese cars' market share will improve almost 12 percent, according to DRI.

By 1992, it projected a 12.6 percent share on sales of 1.5 million units, with the rise due mainly to transplant production.

Each of the top three Japanese companies in Europe — Nissan, Toyota and Mazda — lost market share through the first 10 months of 1987. The leader, Nissan, had 3 percent of the European market through October, with sales volume up 1.6 percent to 312,000.

EUROPEAN SALES

Manufacturer	10 months 1987	1987 share	10 months 1986	Change '87 vs '86
VW-Audi-Seat	1,578,400	15.1	1,443,400	+ 9.4
Fiat Group**	1,522,800	14.6	1,409,400	+ 8.1
Ford	1,271,600	12.2	1,171,100	+ 8.6
PSA***	1,250,900	12.0	1,118,700	+11.8
Japanese (all)	1,199,700	11.5	1,196,300	+ 0.3
Nissan	312,000	3.0	307,100	+ 1.6
Toyota	297,000	2.8	297,000	+ 0.0
Mazda	198,400	1.9	210,000	– 5.6
Mitsubishi	130,200	1.2	122,500	+ 5.2
General Motors****	1,132,600	10.8	1,109,200	+ 2.1
Renault	1,095,900	10.5	1,019,000	+ 7.6
Mercedes-Benz	372,100	3.6	373,600	– 0.4
Austin Rover	366,100	3.5	362,800	+ 0.9
BMW	248,600	2.4	256,600	– 3.1
Volvo	224,500	2.1	226,200	– 0.7
Others	183,800	1.7	186,500	– 1.4
Total	10,447,000	100.0	9,872,800	+ 5.8

** Includes Alfa Romeo
*** Peugeot, Citroen, Talbot
**** Opel, Vauxhall, Isuzu, GM-U.S./Canada

Volkswagen Group held the top spot in the European sales race through October, with 1,578,400 units, good for 15 percent of the market and a 9.4 percent increase in volume over the same period in 1986. The rise is attributable to VW's Audi and Seat divisions, both of which increased 10-month sales 32 percent — to 296,000 and 209,300, respectively — while the VW brand rose just 1.1 percent.

Fiat Group, including Alfa Romeo, was second at 1,522,800, an improvement of 8.1 percent and a 14.4 percent share of the market. Ford was next at 12 percent on sales of 1,271,600, an increase of 8.6 percent. Peugeot SA, including Peugeot and Citroen, followed at 11.9 percent. Through October, Peugeot SA sales were 1,250,900, an 11.8 percent improvement.

General Motors was fifth at 1,132,000, an increase of 2.1 percent and a 10.7 percent share. Renault was up 7.6 percent across Europe to 1,095,900, good for 10.4 percent of the market.

Though the impact of the Oct. 19 stock market plunge on European sales was not fully evident in the figures, overall sales were up 4.8 percent in October to 1,070,000.

DRI downgrades world market forecasts

By Richard Johnson and Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTERS

DRI-Europe has revised its 1988 worldwide new car sales forecast downward by 498,000 units to reflect October's Wall Street collapse and the general sluggishness in demand for cars in the United States and in Europe.

It said world car sales would finish the year at 32,293,000 and predicted that 1988 worldwide car sales will slip 1.54 percent or 498,000 units to 31,795,000.

DRI also scaled back its 1990 forecast of 12 months ago by 6.5 percent, to 32,698,000 cars.

The London-based research group's most recent outlook for the finish of 1987 and 1988 is more pessimistic than its earlier second-half forecast. DRI-Europe is predicting lower sales this year in North America and Europe, while forecasting some improvement in sales in Asia-Pacific, especially with South Korean exports.

Projected 1988 U.S. car sales are expected to fall off to 9.7 to 9.8 million units, which is down 700,000 units or 6.66 percent from the earlier forecast of 10.5 million units.

North American sales are expected to decline about 3.74 percent or by about 422,000 units to 10.8 million in 1988 compared with about 11.3 million in 1987.

The slowdown in European car demand is expected to lead to a decline of 400,000 units for a total of 11.6 million in 1988 compared to the 12 million forecast for 1987.

DRI said "crash effects have compounded the slowdown already expected for 1988."

"The macroeconomic impact is not large after lower interest rates are taken into account," according to the report. "But West Germany must handle a further, damaging rise of the deutschemark in Europe by mid-1988." Not only are registrations expected to fall from 2.70 million to 2.63 million, but the U.S. sales decline means lost production. Output will fall to 4.7 million from 4.3 million in 1987, said DRI-Europe.

United Kingdom car sales are projected to decline 7.5 percent to 1.82 million in 1988. Its sales will move past Spain into fourth place in Europe by 1989.

DRI predicts that France's car sales will fall below 2 million units. But it expects Fiat's new Tipo subcompact range will help boost Italy's car sales in 1988. It projects the Italian market will "remain at a high level of 1.89 million units after 1.91 million in 1987."

New registrations in Japan are expected to increase 1.77 percent to 3.22 million units in 1988, up from 3.16 million units in 1987. Japanese production is expected to decline from 7.4 million to just under 7.3 million units. South Korean exports of new cars should increase from 512,000 units in 1987 to 733,000 in 1988, a rise of 43.16 percent or 221,000 units, according to DRI's forecast.

The research organization pointed to the Wall Street collapse, sluggish 1.7 percent U.S. gross national product growth next year, a rising federal deficit and the continued downturn of the dollar as factors prompting the revision.

"The dollar will continue to slide with or without G7 action, causing a reassessment of the global balance of automobile production," DRI said, referring to the seven Western economic powers.

North American car production will be about 7.5 million or 100,000 units more than 1987's projected 7.4 million cars according to DRI. Western European car production will be cut by about 444,000 units in 1988 because of projected slow demand. Production is anticipated to drop from 12.4 million cars in 1987 to 11.9 million in 1988.

PRODUCTION

Auto output trails '86

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Last week's scheduled domestic auto production increased tremendously over the prior week's build, which was held down by the Thanksgiving holiday.

But the total couldn't match that of the year-ago week.

Automakers targeted production of 151,761 cars last week, 64.72 percent above the holiday week's 92,130 but 2.79 percent below the year-ago week's 156,114.

So far this year 6,665,832 cars have been assembled, 8.79 percent below the 7,307,873 built last year at this point.

Companies split last week's estimated output as follows: General Motors, 48.76 percent; Ford Motor Co., 26.79 percent; Chrysler Motors, 16.14 percent; Honda of America Manufacturing Inc., 3.74 percent; New United Motor Manufacturing Inc., 2.31 percent; Volkswagen of America, 1.05 percent; Nissan Motor Manufacturing Co. U.S.A., 0.88 percent; and Mazda Motor Manufacturing (U.S.A.) Corp., 0.33 percent.

Chrysler will lay off 600 workers at its St. Louis (No. 1) plant in January due to slow sales of certain models. The St. Louis facility builds the Chrysler LeBaron J and LeBaron K; the Dodge Aries, 600 and Daytona; and the Plymouth Reliant and Caravelle models.

As reported earlier, GM will permanently close its Pontiac, Mich., plant Friday, affecting about 1,700 workers. The plant assembles the rear-wheel-drive Buick Regal, Oldsmobile Cutlass Supreme Classic and Chevrolet Monte Carlo.

GM permanently closed its Framingham, Mass., plant last week because of slow sales of its Chevrolet Celebrity and Oldsmobile Cutlass Ciera models. About 3,700 workers have been placed on indefinite layoff.

Ford scheduled Saturday overtime at its Wixom, Mich.; Edison, N.J.; and Kansas City, Mo., plants.

All Ford plants except Edison are slated for daily overtime this week.

Chrysler's St. Louis (No. 2) plant scheduled overtime last Saturday. That plant and the Sterling Heights, Mich., facility are slated for daily overtime this week.

Truck build tops 83,000

Domestic truck production was scheduled at 83,713 units last week, 67.81 percent more than the previous week's 49,886 and 22.95 percent more than the year-ago week's 68,089.

The prior week's output was reduced by the Thanksgiving holiday.

General Motors slated overtime last Saturday at its Flint, Mich., and Moraine, Ohio, plants, and Ford Motor Co. scheduled Saturday overtime at its Wayne, Mich.; Twin Cities, Minn.; Lorain, Ohio; Louisville, Ky.; and St. Louis plants.

Canada car assembly dips

Scheduled Canadian auto production of 22,404 cars last week was 1.26 percent below the previous week's 22,690 and 4.20 percent below the year-ago week's 23,386.

So far this year, 746,600 cars have been completed, 25.11 percent below the 996,930 built last year at this time.

Truckmakers targeted production of 18,988 units last week, 5.40 percent more than the prior week's 18,015 and 38.30 percent more than the year-ago week's 13,730.

Year-to-date, 769,128 trucks have been assembled, 4.27 percent more than the 737,628 built last year at this point.

CANADIAN CAR	Week Ended Dec. 5, 1987	Week Ended Dec. 6, 1986	Week Ended Nov. 28, 1987	Nov. Est.	Jan. 1 to Dec. 5, 1987	Jan. 1 to Dec. 6, 1986
CHRYSLER	1,172	150	940	1,971	9,007	4,260
FORD MOTOR	11,520	10,839	9,670	40,372	404,141	493,919
GENERAL MOTORS	9,072	12,172	11,613	46,574	310,950	489,331
HONDA	640	0	467	1,843	14,513	0
VOLVO	0	225	0	0	7,989	9,420
Total Cars, Canada	22,404	23,386	22,690	90,761	746,600	996,930
U.S. TRUCK☆	**Week Ended Dec. 5, 1987**	**Week Ended Dec. 6, 1986**	**Week Ended Nov. 28, 1987**	**Nov. Est.**	**Jan. 1 to Dec. 5, 1987**	**Jan. 1 to Dec. 6, 1986**
CHEVROLET	22,870	14,789	13,106	83,050	1,056,688	1,076,933
DODGE/PLYMOUTH	7,800	6,152	5,039	33,369	292,410	136,535
FORD	32,985	31,976	18,339	120,284	1,386,035	1,293,138
GMC	7,627	5,410	4,523	27,157	354,016	335,254
NAVISTAR	1,851	1,612	1,078	6,879	70,233	67,910
JEEP	4,600	4,060	2,957	17,545	208,984	178,303
NISSAN	3,230	1,740	2,094	12,819	91,528	102,620
AM GENERAL*	450	50	450	1,890	16,200	2,354
MISCELLANEOUS*,.	2,300	2,300	2,300	9,660	110,560	107,272
Total Trucks, U.S.	83,713	68,089	49,886	312,454	3,566,654	3,300,319
CANADIAN TRUCK	**Week Ended Dec. 5, 1987**	**Week Ended Dec. 6, 1986**	**Week Ended Nov. 28, 1987**	**Nov. Est.**	**Jan. 1 to Dec. 5, 1987**	**Jan. 1 to Dec. 6, 1986**
JEEP	750	640	370	2,951	33,234	26,820
CHRYSLER	8,034	9,167	7,766	30,422	383,417	377,585
FORD	3,648	2,754	3,623	14,707	142,021	138,599
GENERAL MOTORS	6,330	968	6,026	24,425	221,200	185,758
NAVISTAR	226	201	223	896	9,256	8,966
Total Trks., Canada	18,988	13,730	18,015	73,461	769,128	737,628
U.S., Canada Trks.	102,701	81,819	67,901	385,914	4,335,782	4,037,947

—Includes window van production. *—Estimated
Jeep includes commercial jeep. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain some of last or next month's sales due to cutoffs.

U.S. CAR	Week Ended Dec. 5, 1987	Week Ended Dec. 6, 1986	Week Ended Nov. 28, 1987	Nov. Est.	Jan. 1 to Dec. 5, 1987	Jan. 1 to Dec. 6, 1986
AMERICAN MOTORS	0	0	0	0	15,994	46,844
Renault Total	0	0	0	0	15,994	46,844
Alliance	0	0	0	0	15,994	43,497
Encore	0	0	0	0	0	3,347
CHRYSLER MOTORS	24,500	25,851	14,893	81,727	1,015,396	1,223,815
Plymouth Total	6,750	10,109	4,030	25,324	298,124	395,227
Horizon	900	3,936	510	3,051	41,912	161,386
Sundance	1,750	2,447	1,058	6,496	84,433	30,547
Reliant	3,500	2,878	1,971	13,224	124,700	143,955
Caravelle	450	848	387	2,006	40,451	41,753
Gran Fury	150	0	104	547	6,628	17,586
Chrysler Total	7,250	4,609	4,521	21,437	337,241	352,543
Laser	0	0	0	0	0	26,978
LeBaron K	1,000	2,025	591	3,784	61,041	80,309
LeBaron J	2,750	0	1,719	4,954	106,670	0
LeBaron GTS	450	1,049	321	1,748	35,720	55,627
N. Yorker E-Class	0	1,534	0	0	57,102	68,230
N. Yorker C-Class	1,600	0	1,063	8,601	15,385	0
Fifth Avenue	1,450	0	827	4,350	61,323	117,399
Dodge Total	10,500	11,134	6,342	34,966	380,031	476,045
Daytona	1,850	605	1,116	3,253	58,747	31,420
Omni	850	3,648	437	2,744	36,405	153,642
Shadow	2,150	2,214	1,206	7,564	89,008	29,564
Aries	3,400	2,728	2,428	14,550	117,685	118,999
Dodge 600	700	1,148	406	2,696	37,856	60,953
Dynasty	800	0	347	1,902	4,144	0
Lancer	350	791	144	999	22,226	45,384
Diplomat	400	0	258	1,258	13,958	36,083
FORD MOTOR	40,660	40,409	23,952	155,167	1,712,632	1,641,671
Ford Division	30,385	28,120	17,748	114,211	1,232,220	1,136,739
Escort	9,489	6,759	5,653	35,713	366,565	354,153
Mustang	4,630	4,279	2,689	16,887	200,221	167,230
Tempo	4,896	5,091	2,456	15,774	134,322	184,376
Taurus	7,907	9,426	4,789	33,188	382,930	305,827
Thunderbird	3,463	2,563	2,151	12,649	148,182	125,153
L-M Division	10,275	12,289	6,204	40,956	480,412	504,932
Mercury Total	6,374	7,572	3,708	25,873	309,595	334,086
Lynx	0	1,259	0	0	21,352	56,747
Capri	0	0	0	0	0	12,344
Topaz	1,432	1,271	735	4,955	43,213	54,610
Cougar	2,304	2,240	1,436	10,724	129,968	92,998
Sable	2,638	2,802	1,537	10,194	114,827	117,387
Lincoln Total	3,901	4,717	2,496	15,083	170,817	170,846
Continental	549	475	302	1,491	11,813	18,408
Lincoln	2,795	3,537	1,817	11,245	132,369	128,139
Mark VII	557	705	377	2,347	26,635	24,299
GENERAL MOTORS	73,990	76,243	44,755	293,197	3,264,421	3,861,084
Buick Total	12,020	15,213	6,105	46,292	529,931	722,187
Skyhawk	1,080	0	0	2,353	31,799	76,713
Century	4,090	5,737	2,240	12,864	150,275	215,863
Regal (rwd)	705	1,511	427	2,700	39,923	55,691
Somerset/Skylark	1,555	2,279	750	5,331	61,862	104,551
LeSabre (fwd)	2,400	2,729	1,440	8,789	134,796	145,694
LeSabre (rwd)	341	337	207	1,378	9,428	14,147
Electra (fwd)	1,579	1,805	827	11,473	89,241	85,578
Riviera	270	515	214	1,404	12,607	23,950
Cadillac Total	6,951	7,350	3,957	25,771	255,695	296,838
Cimarron	70	238	0	214	10,115	22,075
Allante	100	0	89	309	4,309	0
Brougham (rwd)	1,980	1,401	1,170	7,554	71,191	71,548
DeVille (fwd)	3,375	4,766	1,927	12,741	132,364	159,491
Eldorado	792	564	382	2,445	18,151	22,982
Seville	634	381	389	2,508	19,565	20,742
Chevrolet Total	30,644	22,078	19,668	125,066	1,291,706	1,225,348
Chevette	0	2,679	0	0	0	99,155
Camaro	2,547	0	1,479	9,454	114,214	162,401
Cavalier	7,420	2,872	4,252	27,599	292,447	366,987
Celebrity	4,276	6,325	3,926	24,255	279,483	247,019
Corsica/Beretta	8,279	1,688	5,172	32,923	324,866	10,901
Monte Carlo	1,744	2,486	1,130	7,066	70,343	104,719
Caprice	5,738	5,377	3,319	21,317	183,762	207,755
Corvette	640	651	390	2,452	26,591	26,411
Oldsmobile Total	11,455	16,429	7,259	47,185	572,359	876,039
Firenza	480	0	0	1,111	13,190	35,800
Calais	3,245	2,416	1,708	11,051	111,214	111,516
Cutlass Ciera	126	4,489	896	4,217	108,275	223,607
Cutlass Supreme	1,571	1,796	898	5,687	71,538	104,136
88 (fwd)	3,427	4,607	2,087	14,123	168,025	259,187
98 (rwd)	420	390	275	1,701	14,015	17,743
Olds 98	1,742	2,370	1,144	7,689	67,449	106,857
Toronado	444	361	251	1,605	15,055	17,191
Pontiac Total	12,920	15,173	7,766	48,883	614,730	740,672
Acadian*	0	612	0	0	0	15,105
Fiero	1,215	1,795	573	3,069	30,730	64,344
1000	0	612	0	0	0	19,693
Firebird	1,501	0	866	5,734	73,458	99,868
2000 Sunbird	2,070	789	1,351	7,750	82,101	123,252
Grand Am	4,920	4,879	3,113	20,215	233,406	214,591
6000	1,096	2,897	681	4,331	67,442	125,502
Bonneville	1,937	3,214	1,090	7,309	118,860	29,284
Safari/Parisienne	181	375	92	474	6,733	49,033
HONDA	5,680	6,716	4,071	27,297	303,804	217,005
Civic	1,908	1,614	1,003	6,511	83,683	16,117
Accord	3,772	5,102	3,068	20,786	220,121	200,888
MAZDA	501	0	214	1,300	3,001	0
NISSAN	1,330	2,915	786	4,806	109,842	56,087
NUMMI	3,500	3,980	2,234	14,005	179,819	183,669
Corolla	1,000	1,023	662	4,092	40,862	7,782
Nova	2,500	2,957	1,572	9,913	138,957	176,087
VOLKSWAGEN	1,600	0	1,225	7,330	60,923	77,498
Golf/GTI**	900	0	800	4,665	45,255	77,098
Jetta**	700	0	425	2,665	15,668	400
Total Cars, U.S.	151,761	156,114	92,130	564,529	6,665,832	7,307,873
Total Cars, Canada	22,404	23,386	22,690	90,761	746,600	996,930
U.S., Canada Cars	174,165	179,500	114,820	675,590	7,412,432	8,304,803
U.S., Canada Trks.	102,701	81,819	67,901	385,914	4,335,782	4,037,947
U.S., Canada Cars and Trks.	276,866	261,319	182,721	1,061,504	11,748,214	12,342,750

—All figures are built for sale in Canada. **—Estimated
Monthly estimates may contain some of last or next month's sales due to cutoffs.

Brazil tallies record for auto exports

By Rik Turner
STAFF CORRESPONDENT

SAO PAULO, Brazil — The Brazilian auto industry chalked up record exports of $2.4 billion through the first 11 months of 1987 and expects to maintain a similar performance for the entire year.

Andre Beer, president of ANFAVEA, the automakers' association, said domestic sales dropped 34.7 percent compared with the first 11 months of last year. He said he expects the situation to worsen because of the 20 percent price increase granted by the government in November.

At Autolatina, exports are expected to total $1 billion for the year, said Wolfgang Sauer, the company's president.

The Ford-Volkswagen holding company is currently battling the government in court over its right to price products to cover inflationary cost increases. Autolatina believes an agreement signed earlier this year frees the company to raise prices to cover inflation. With inflation running at 300 percent in Brazil, a second price increase is likely this month.

Sauer added that total annual losses at the two companies are still forecast in the $300 million-$400 million range. Nonetheless, said Sauer, the company has gone ahead with investments. It is honoring an agreement signed with the government earlier this year that freed pricing in exchange for a commitment to invest and export.

"We've invested $200 million this year and will be putting in $250 million in 1988," he said.

Sauer said Autolatina hopes that exports next year will maintain their strong performance. But he recognizes the difficulty of doing so, given the uncertain economic climate in the wake of the Wall Street crash.

It may be particularly difficult for its U.S. export operation, which started this year by exporting VW Fox models to the United States.

For the industry as a whole, Beer said exports will almost certainly not be as good next year.

Chrysler kills AMC's Eagle

SOUTHFIELD, Mich. — Chrysler Motors plans to discontinue production of the low-volume, four-wheel-drive Eagle station wagon on Dec. 14.

Eagle was an American Motors model. Chrysler acquired AMC in August.

Chrysler cited declining sales among the reasons for the production halt.

The 1980 Eagle was the first domestic mass-produced 4wd automobile. At one time, Eagle also was offered in two- and four-door sedan versions.

Sales have declined steadily since the peak year of 1983, when 31,207 units were sold. U.S. sales for 1987 through the end of November were 4,039.

"Programs to keep our dealer body competitive require tremendous investments, severely restricting funds to update existing products, especially those products based on old technology and of declining interest to our customers," said E. Thomas Pappert, Chrysler Motors group vice president — sales.

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Chrysler comes to crossroads

Will Eagle lure yuppies?

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Chrysler Motors' launch of its new Jeep-Eagle franchise is more than the liftoff of a new division.

Its success or failure in digesting the former American Motors and creating the new Eagle car network will weigh heavily on the company's future image and its bottom line.

Chrysler is launching the new network amid a recent spate of questions about its performance and prospects.

Domestic-car sales in the 1987 calendar year have dropped 22 percent in a car market that is off only 10 percent.

The company is burdened with excess production capacity at a time when the industry is facing decreased demand and an increasing number of competitors.

Chrysler's breakeven point has risen in the months before and since the AMC acquisition, forcing employee layoffs, spending cuts and some product and program delays.

Some of the company's dealers have seen their profitable operations slip into the red in the final quarter of the year. Some lower-volume dealers are no longer able to accept additional inventory because they have reached their credit limit.

In addition, Chrysler is grappling with its problems at a time when the industry as a whole faces an uncertain future.

For many of the company's dealers and outside analysts, the underlying issue remains the future of the Jeep-Eagle Division.

"Can they make anything out of Eagle? That is the question," said Maryann Keller, auto analyst with

see FUTURE, page 49

AUTOMOTIVE NEWS/JOE WILSSENS

'No Child Without a Christmas'
The goal of this year's Chevrolet-Pontiac-Canada Group employee Christmas show was to raise funds to buy gifts for at least 1,000 underprivileged children in the Detroit area. More than 35 acts took the stage, including St. Nick and his wife. Donations were accepted through the Goodfellows organization. Last year, the week-long show raised $12,000.

DIAMOND-STAR: *Sporty coupe for Plymouth*

By Christopher A. Sawyer
CRAIN NEWS SERVICE

The new Plymouth sports coupe to be built by the Chrysler-Mitsubishi joint venture, Diamond-Star Motors, will be introduced 15 months from now for about $9,400 for the base model.

Details of the new car were revealed to a focus group designed to test consumer reaction to the car. Auto enthusiast Dan DiZinno, who participated in the group, revealed details of the new car to AutoWeek, a car enthusiasts' magazine and sister publication of Automotive News.

Like many car buffs living near the General Motors proving grounds in Mesa, Ariz., DiZinno had always expected that the secret prototype he might some day reveal to the world would come from GM. Other sources also contributed to AutoWeek's detailed description of the Chrysler car, codenamed H24S.

The base car will be fitted with a single-overhead-cam 1.8-liter engine powering the front wheels.

Dan DiZinno

Diamond-Star's turbo 2 + 2 for Plymouth.

A top-of-the-line car will follow the base model by three or four months. That four-wheel-drive performance 2 + 2 will be priced below $16,500 in current dollars (some sources have put it as low as $15,950 in current dollars). Buyers will get a fully equipped sports coupe with full-time 4wd, powered by a 202-horsepower, 2-liter, double-overhead-cam intercooled turbo engine.

The H24S will have a wheelbase of 95 to 100 inches and will stretch less than 180 inches overall. Height will be just over 50 inches. Fully loaded, weight should run about 2,900 pounds. Performance is expected to be near the top of the sports-coupe

see DIAMOND, page 50

GM eyes new vehicle from abroad

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — General Motors is studying a plan to produce an all-new utility car/van in Brazil for distribution by its Pontiac Division in North America and by Adam Opel in Europe.

A preliminary development phase, including feasibility studies, has already been approved. A final decision from GM's board of directors is expected in February.

Opel, GM's West German passenger-car affiliate, is supervising engineering of the project. Preliminary body engineering work has been carried out by Usines Chausson SA, the French coachbuilder and body and process engineering specialist. Chausson is competing with Italy's Pininfarina for the main project body development work.

One source familiar with the program described it as a versatile concept, with 4x4 and 4x2 configurations and different versions. It has been separately described by a GM source as a vehicle of a type that does not currently exist. Final packaging and design have not necessarily been frozen into place, sources say.

Another GM source said the new product was conceived as a four-wheel-drive vehicle complementing the Chevrolet-Pontiac-Canada Group's forthcoming APV (All-Purpose Van).

The Pininfarina-designed, plastic-bodied APV, based on GM's A-body platform, was originally scheduled to receive a 4x4 variation about two years after introduction. However, insiders say the 4wd option was scrapped for cost reasons, and efforts turned to designing the new utility car/van as a 4wd model from the ground up.

The vehicle is intended for distribution in both North America and Europe. But the program was delayed for nearly a year while GM looked for a production source.

"The program will certainly be done in South America," said a source close to the project.

General Motors produces passenger cars and trucks at its GM do Brasil affiliate and exports some Brazilian-built trucks to the Middle East.

In a recent interview with Automotive News, GM Chairman Roger Smith said, "There ought to be export potential from Brazil.

"We've got to do something in Brazil," he said. "That's a super country. This whole thing has got to be more globalized than it's ever been before. We've got to spend more time looking at that."

see PONTIAC, page 52

'87 production off 5%

Cars down, trucks up in U.S., Canada

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

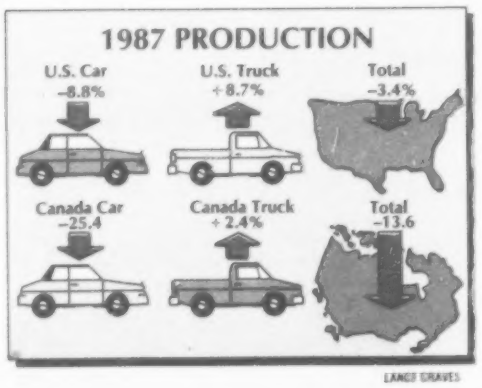
With only one week of work left this year, 1987 production of cars and trucks in the United States and Canada will total 12.60 million, almost 5 percent below the 13.24 million built last year.

Production results in the United States are mixed: Down 8.8 percent for cars, to 7.14 million; up 8.7 percent for trucks, to 3.85 million; and a combined total 3.4 percent below last year, at 10.99 million vehicles.

In Canada, estimated car output plummets 25.5 percent to 800,000 units but trucks outnumber cars for the first time at 810,000 units, a 2.4 percent gain from last year. Combined car-truck output for the year in Canada will turn up 13.6 percent short of last year, at 1.61 million units.

Combined output for the two

see ROUNDUP, page 55



LANCE DRAVES

Optimistic outlook spices RV show

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

LOUISVILLE, Ky. — The National RV Trade Show drew 8,752 people, the largest crowd in recent years.

The attitudes and expectations of the attendees were generally upbeat as the industry appears to have shrugged off any perceptible impact from the stock market's dive in October.

Some manufacturers, though, continued to report disappointment in van conversion sales, which had been sluggish earlier in the year.

Meanwhile, many, like Starcraft and Winnebago,

see RV SHOW, Page 52

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NEWSPAPER

Chrysler hopes for 9.5 million, is ready for less

Market scenarios start at 8 million cars for '88

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — Although Chrysler Corp. is projecting 9.5 million new-car sales in the United States in 1988, it has contingency plans for market scenarios as low as 8.0 million units.

"For the first year in history, we're doing scenarios," said Donald P. Hilty, corporate economist. "Economists are supposed to stick their necks out; that's what we get paid for . . . but this year we're just not that certain."

Chrysler's scenarios for calendar 1988 range from a high of 10.1 million cars and 5.0 million trucks to a low of 8.0 million cars and 3.5 million trucks.

Hilty said the working projection of 9.5 million cars and 4.7 million trucks is "cautiously optimistic," based on the belief that there are "long-term strengths in the industry based on operating costs, the need for cars and trucks and demographics."

"We're programming for 5 percent below trend," Hilty said.

Chrysler's doomsday scenario of 8.0 million cars and 3.5 million trucks, he said, is a "shock scenario" that could be caused by "an interest rate shock or an oil shock" to the economy.

"We don't think that's the most likely, but we're not unique," he said. "I think all companies are looking at scenarios. It's prudent."

Hilty: "New York City — and surrounding communities — appear to be the only soft spot."

Chrysler believes there will be real growth in gross national product next year, but its "average recession" scenario would peg vehicle sales at 9.0 million cars and 4.4 million trucks.

On the high side, Hilty said, sales of 10.1 million cars and 5.0 million trucks are possible if there is "a definite, believable" plan to reduce the federal budget deficit that will make the financial community comfortable.

"We're looking for signposts to tell us what scenario we're on," he said.

The high degreee of economic uncertainty has prompted Hilty to study a number of unusual indicators, including airline and hotel bookings for the year-end holiday period.

"Sun bookings — that is Florida, California, Arizona and Hawaii — are holding up," he said. "The only ones that seem to be a little soft are the ski holidays . . . and we think maybe those are the yuppies from New York."

Hilty said the key to sorting through the 16 various scenarios for 1988 is to remain flexible.

He said that Chrysler sees improvements in regional economies and markets, including the agricultural and "oil" regions.

"The New York City market — and the surrounding bedroom communities — appear to be the only soft spot," he said.

Car inventories rise; totals are 83 days for U.S., 61 for imports

By Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTER

Stocks of new domestic and imported cars continued to climb in spite of improved sales in the last period of November and in spite of incentives launched by the Big 3 U.S.-based automakers.

On Dec. 1, combined imported and U.S.-built car stocks were 6.54 percent higher than on Nov. 1 and 13.95 percent fa'ter than a year ago.

Since Ford Motor Co. and Chrysler Motors reported higher sales in late November than in earlier periods, both automakers reduced the number of days in which they could sell off their stockpiles. General Motors' days' supply, however, continued to climb.

Higher inventories could be seen in stores that sell imported cars, especially those that sell German luxury cars. Import-car sales fell 5.83 percent last month, although the segment accounted for a third of the market in November.

December opened with a stockpile of 778,-720 imported cars and trucks, a 66-day supply, compared with 743,244 imported vehicles, a 58-day supply, on Nov. 1. The imported vehicle stockpile climbed 19.93 percent above 649,336 on Dec. 1, 1986.

Stocks break down to a 61-day supply of imported cars or 577,206 units and an 84-day supply of imported trucks, representing 201,514 units on Dec. 1.

The Dec. 1 stockpile of U.S.-built cars was the highest since July 1. There were 1,683,-501 domestically produced cars, an 83-day supply. That was 8.18 percent more than last month's 1,558,931 count, an 80-day supply and it was 10.14 percent higher than last year's Dec. 1 count of 1,531,295, a 71-day supply.

The average Dec. 1 days' supply of U.S.-built cars for 1982-86 was 63. For import cars, the average was 36 days.

A number of dealers claimed to be controlling inventories although several said cars were much harder to sell this year.

"We monitor our inventory on a weekly basis throughout the year. We're very conscious of carrying inventory; there are some areas where we see slowness," said Edward J. Butera, vice president and general sales manager, Warnock Holding Co., Livingston, N.J., which owns five dealerships that include all Big 3 makes. "We are still really short of a few Ford vehicles — the Mustang GTs in Ford stores and the and 4x4s with automatic transmissions," he said.

Jim Lupient, owner of Jim Lupient Oldsmobile, Golden Valley, Minn., said, "We're doing a little maneuvering. We have a 69-day supply with very little carryover on '87s. We've kept control this year because we knew what would happen after 1.9 (percent loans) ended."

see STOCKS, page 54

Ex-dealer charges GM, Chevy blackballed him

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

NEWARK, N.J. — A former Chevrolet dealer has sued General Motors and its Chevrolet Motor Division alleging that the company refused his plan to purchase another dealership. He claimed GM effectively blackballed him in the industry, making it impossible for him either to purchase another GM outlet or to work in a management position for a GM dealership.

The dealer, Larry F. Tynan, is the former president of the Chevrolet Dealer Alliance, an activist group founded on the lines of the Ford Dealer Alliance approximately five years ago. Tynan was also president and owner of Towne Chevrolet in Middletown, N.J., until he sold the operation in 1985.

Tynan alleged in his complaint, filed in state court here, that an offer he made on a Chevrolet-Oldsmobile dealership was refused by Chevrolet because of his activities as president of the alliance and his vocal criticisms of Chevrolet during his tenure on various Chevrolet dealer councils, including the National Dealer Council.

In a letter to the selling dealership, J&B Chevrolet and Olds, Inc., of Belvidere, N.J., Chevrolet zone manager R.W. Emerick Jr. said that prior experience with Tynan, during his ownership of Towne Chevrolet, was a "mutually unsatisfactory experience."

During the period Tynan "incessantly expressed extreme dissatisfaction with Chevrolet and General Motors policies, personnel, products, strategies or anything else related to our business relationship," the letter said.

Tynan said in his complaints that GM and Chevrolet violated New Jersey franchise law. The refusal was not based on the reasons required under the statute, which relate to character, financial ability and business experience, he said.

Instead, he charged, he was being punished for "the exercise of his constitutional rights under the 14th Amendment of the U.S. Constitution and also under the New Jersey Constitution.

Tynan's complaint alleged that by virtue of the letter sent to J&B refusing to approve the offer, the company "put all General Motors dealers throughout the country on notice that to employ the plaintiff in a management position would invite sanctions."

The letter from Emerick said, "We therefore believe it is not in the best interest of Chevrolet, General Motors, or the consuming public to enter a dealer agreement with any company in which Mr. Tynan would exercise management of ownership."

Tynan, in a telephone interview with Automotive News, claimed this was the key sentence that effectively blackballed him.

Tynan also is suing to obtain a refund in parts supplied to warranty retail customers. Under New Jersey law, the reimbursement is at the prevailing retail rate. Tynan claimed he is owed $178,587 by the division.

Under New Jersey proceedings any monetary awards are assessed by the jury and are usually not included in the complaint.

A spokesman for Chevroletsaid the division had no immediate comment.

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GM shuts Flint and Pontiac plants that opened in '20s

DETROIT — Two General Motors plants, both rich in history, closed their doors permanently last week.

The Chevrolet-Pontiac-Canada Group's assembly plant in Pontiac, Mich., closed after more than 60 years of producing vehicles.

Most recently, the Pontiac plant built GM's G-body cars — Buick Regal, including the hot-selling Regal Grand National; Oldsmobile Cutlass Supreme; and Chevrolet Monte Carlo. Those models are being phased out and replaced by newer, front-wheel-drive models.

The closing puts 1,700 hourly and 60 salaried employees on indefinite layoff.

At the same time, the assembly facility's companion body plant, the Buick-Oldsmobile-Cadillac Group Flint Body plant, in Flint, Mich., also closed. The closing of the Flint plant leaves 2,850 hourly and 250 salaried workers jobless.

The Pontiac plant opened in 1927 as part of Pontiac Motor Division. Car production was interrupted during World War II, when the plant made aerial torpedos and anti-aircraft guns.

The plant closed again in 1982 as Pontiac prepared for the production of the new Fiero in the nearby Fisher Body plant in the Pontiac complex and the just-opening Orion Township plant.

At that time, the closing was to be permanent. However, when larger rear-wheel-drive cars continued to be in demand, the plant was temporarily put back into service in 1984.

In June 1986, the plant turned out its 300,000th car since re-opening. In its 60-year history, the plant produced more than 10 million cars, branded with such names as Tempest, Chieftain, Star Chief, LeMans, Grand Prix and GTO.

The Flint plant was opened by William C. Durant in 1923. It marked his third attempt to build an auto empire after resigning as GM president in 1920. Durant's newly founded Flint Motor Car Co. was to build cars to compete against Buick. Durant's efforts failed, however, and he sold the plant in 1926 to the Fisher brothers, whose company had been partly owned by GM since 1919.

The plant was expanded so that for several decades it was the world's largest automobile body-making plant.

Throughout its history, the plant produced a number of body styles for GM products, mostly Buicks and including the Riviera, Special, LeSabre and Electra. During World War II, the plant produced tank parts and other defense materials and tooling for the war effort.

The plant also played a major role in the sit-down strike of 1936-37. The plant was home to a strong nucleus of union supporters who staged the 44-day sit-down strike that began late December 1936.

Since 1948, the plant made more than 10 million car bodies.

Light trucks extend string of records

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Light trucks continued to set sales records in November and the first 11 months of the year.

Among the month's highlights:

- Domestic manufacturers, aided by a weak dollar and more-competitive prices, picked up 7 percentage points of market share.
- Most importers, excluding Nissan and Suzuki, were off from year-ago levels.
- Suzuki, however, continued a slide dating back to last summer.
- Full-sized pickups were a major driving force behind big sales gains for Ford and General Motors.

November sales of 356,300 light-duty trucks were up 11.79 percent over the previous November high of 318,727 in 1986.

For 11 months, record industry sales of 4,282,988 units topped last year's previous high of 4,190,794 by 2.20 percent.

Domestic manufacturers captured 84.01 percent of the light-truck market in November, up from 77.04 percent last year.

Calendar year-to-date, domestics had an 81.21 percent share of the market, up from 79.72 percent in 1986.

Ford led the domestic industry's gains.

Its sales of 115,013 light trucks in November were up 37.22 percent from a year earlier.

For 11 months, Ford sales of 1,286,884 light trucks were up 6.52 percent from last year.

Chevrolet also had a respectable 19.25 percent gain in November on sales of 87,075 light-duty vehicles.

Year-to-date, Chevrolet sales of 1,075,902 units still trail last year's by 5.24 percent.

Big pickups, as a segment, have been declining steadily over the past few years. But in November, Ford retailed 49,170 full-sized F-series models, up 66.28 percent over a year ago. Chevrolet retailed 32,830 of its full-sized C/K units for a 28.28 percent sales gain.

GMC's 8,911 Sierra sales were up 29.73 percent, while Dodge's 8,172 full-sized D/W series sales had a more moderate 6.85 percent gain.

Chrysler retailed 54,772 trucks in November, up 4.59 percent from a year ago. That compared to a 22.25 percent gain on sales of 649,122 trucks for the 11-month period.

GMC's 23,013 sales were up 25.93 percent in the month. For 11 months, GMC's 279,603 light-duty sales were slightly behind 280,452 a year ago.

Jeep managed a 7.62 percent sales gain in November. For 11 months, Jeep was a shade ahead of year ago: 186,771 compared to 186,165.

The imports have been hard hit in the price-sensitive small pickup market.

Toyota retailed 18,546 trucks in November, off 38.11 percent from a year ago. For 11 months, Toyota sales of 278,780 trucks were off 20.11 percent.

Nissan managed a small gain on sales of 16,008 trucks in November, up from 15,425 in like 1986. For 11 months, its 201,121 sales were slightly below 203,031 a year earlier.

Mazda, Isuzu and Mitsubishi were all off last month. Mitsubishi still had a large 52.77 gain for the 11-month period.

Suzuki retailed 5,082 Samurais in November, off from 5,916 in October, 6,077 in September and 7,905 in August.

LIGHT-DUTY TRUCK SALES

	Nov. 1987	Nov. 1986	11 Mos., 1987	11 Mos., 1986
Vans	14,643	12,703	171,080	161,681
Aerostar	10,407	12,408	146,996	134,907
Club Wagon	2,548	2,201	24,867	24,428
Ranger	22,917	15,303	283,779	248,001
Bronco	5,167	3,918	46,720	44,310
Bronco II	10,158	7,712	111,063	93,449
Pickups	49,170	29,570	502,379	501,320
Ford	**115,013**	**83,815**	**1,286,884**	**1,208,096**
Vans	9,133	7,826	104,318	126,504
Sportsvan	858	853	10,938	14,575
Astro	11,280	11,283	137,444	133,274
S-10	14,615	10,906	206,493	188,467
S-10 Blazer	9,865	9,172	141,797	147,696
El Camino	610	1,117	13,369	19,988
Blazer	2,794	2,359	28,273	38,791
Suburban	5,090	3,888	52,895	56,050
Pickups	32,830	25,613	380,375	410,090
Chevrolet	**87,075**	**73,017**	**1,075,902**	**1,135,435**
Vans	3,790	4,184	60,087	67,295
Ram Wagon	2,178	2,143	27,834	36,961
Voyager	12,021	8,573	127,430	98,353
Caravan	14,331	9,179	138,282	104,331
Mini Ram Van	1,243	965	12,561	13,427
Ram 50	3,601	8,941	61,778	71,075
Raider	1,454	1,162	18,384	3,467
Ramcharger	1,784	1,298	21,699	21,161
Dakota	6,198	8,275	92,214	18,166
Pickups	8,172	7,648	88,853	96,739
Chrysler	**54,772**	**52,368**	**649,122**	**530,975**
Vans	2,950	2,243	34,852	35,320
Safari	2,398	2,189	29,269	27,632
S-15	2,729	2,120	44,525	42,730
S-15 Jimmy	2,851	2,154	34,291	35,918
Jimmy	740	732	7,621	8,519
Caballero	95	109	1,647	2,377
Suburban	1,617	1,435	17,189	17,962
Pickups	8,911	6,869	103,670	104,330
P Model	602	308	5,165	4,011
W-4	120	116	1,374	1,153
GMC	**23,013**	**18,275**	**279,603**	**280,452**
Wrangler/CJ	2,793	2,530	27,262	31,208
Wagoneer	995	1,508	11,301	11,464
Cherokee	11,172	9,504	99,522	96,708
Grand Wagoneer	1,566	1,883	12,663	14,945
Comanche	2,864	2,555	34,746	30,425
J-10/J-20	60	93	1,277	1,415
Jeep	**19,450**	**18,073**	**186,771**	**186,165**
Toyota	18,546	29,965	278,780	348,946
Nissan	16,008	15,425	201,121	203,031
Mazda	6,969	11,084	115,261	142,385
Isuzu	5,553	7,657	82,134	79,371
Mitsubishi	4,478	4,533	47,683	31,213
Suzuki	5,082	4,214	76,257	40,937
Subaru	14	301	1,265	3,788
Range Rover	327	0	2,205	0
Imports	**56,977**	**73,179**	**804,706**	**849,671**
Industry Total	**356,300**	**318,727**	**4,282,988**	**4,190,794**

Compiled by Karen Detkowski

Freightliner offers plan to cut fleet cost

PORTLAND, Ore. — Freightliner has introduced a Fleet Assistant software computer program to help fleet managers improve the efficiency and cut the life-cycle costs of their vehicles and equipment.

Fleet Assistant is a modular program with a number of options. The base unit focuses on vehicle lifetime costs and controls.

Other modules, which can be added as needed, can log work to be done, generate repair orders, inventory parts, create purchase orders, log mechanics' time and produce invoices.

Fleet Assistant's key functions include:

- Tracking and scheduling preventive maintenance.
- Detecting common problems to head off potential downtime.
- Tracking the lifetime cost of each vehicle in incremental mileage intervals or time periods.
- Monitoring the lifetime costs of groups of trucks, trailers or reefers.
- Identifying vehicles with poor mileage and high maintenance costs to help project replacement dates.
- Generating reports for state taxes, vehicle specifications, schedules, insurance and other financial requirements, using standard computer codes or any system a fleet manager might designate.

Freightliner Software is marketing the program with a complete support package, including regional training classes.

GMC offers easy ordering for Hot Shots

LAS VEGAS, Nev. — GMC Truck is offering a simplified ordering program for Hot Shot medium-duty trucks.

Those low-frame-height medium-duty trucks are used for hauling light but bulky products that require more cubic space than gross vehicle weight.

A Hot Shot truck is a tractor with a high-horsepower diesel engine and small-diameter tires that create overall low frame height.

The low frame height, about 34 inches, allows the mounting of a low-profile fifth wheel with a flatbed trailer that is 42 inches high.

The 42-inch height permits 10-foot-high loads on all portions of the trailer, while staying within the legally mandated 13½-foot maximum overall height.

Hot Shots are used to carry light and stackable items and can also be used as wreckers, ambulances, tank container vehicles, portable satellite dish vehicles and rollback flatcar carriers.

GMC offers specialized option content and vehicle refinements to meet customer requirements in its E-Z Spec ordering procedure.

Hot Shot specifications available on GMC medium-duty vehicles feature a high-horsepower Detroit Diesel 8.2-liter engine, five- and six-speed transmissions, single or two-speed rear axles, a 32,000-pound gross combination weight rating, GVW ratings up to 22,000 pounds and small-diameter tires that give the chassis an overall low frame height of approximately 34 inches.

Allison Transmission now a separate GM division

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

As a prelude to officially starting its new Detroit Diesel Corp. joint venture with Penske Corp. in January, General Motors has set up Allison Transmission as a separate division.

A Detroit Diesel Allison spokesperson said government approval for Detroit Diesel Corp. to begin operating is anticipated within a week or so. Detroit Diesel Corp. will produce and market GM's medium-duty and heavy-duty diesel engines for trucks and commercial use. The 6.2-liter and 8.2-liter diesels will stay with Allison.

The new Allison Transmission Division will handle design, manufacturing and sales of all medium-duty and heavy-duty automatic transmissions within GM, including the new state-of-the-art heavy-duty World Transmission scheduled for introduction in the 1991 model year.

The new division is headquartered in Indianapolis and becomes part of GM's automotive components groups.

It reports to John D. Debbink, GM vice president and group executive of the chassis and transmission components group.

In making the announcement, Robert C. Stempel, GM president, said, "Creation of this new division to handle all current and future medium- and heavy-duty transmissions will further strengthen the automotive components groups' competitive position in the worldwide market."

GM is the leader in the world market for automatic transmissions for medium-duty and heavy-duty commercial and military vehicles.

It sold a record 71,000 fully automatic transmissions for commercial vehicles during the 1987 model year, up from a previous high of 69,900 in the 1985 model year, according to an Allison Transmission spokesman.

In total, it sold 79,300 medium- and heavy duty automatic transmissions for commercial and military vehicles worldwide during the 1987 model year, accounting for 78 percent of the world market for such transmissions, according to GM.

Robert M. Clark has been named general manager of the newly formed Allison Transmission Division.

He formerly was general manager of the Rochester Products Division. He has been with GM 31 years.

James F. Ault replaced Clark as general manager at Rochester Products.

Ault has been general manager of Delco Remy Division.

Homi K. Patel is the new general manager of Delco Remy, succeeding Ault.

He formerly was director of the steering systems business unit of GM's Saginaw Division.

In confirming Allison's planned introduction of its new World Transmission in 1991, Stempel said the transmission was engineered around a new GM-patented gear and clutch system and closed-loop electronics.

When Allison was developing the World Transmission, it surveyed major original-equipment manufacturers and customers in Europe, Japan and North America to ensure it was designed to their specific requirements, Stempel said.

The World Transmission can be programmed to provide either four, five or six forward speeds.

Its highly advanced electronics also feature diagnostic capability that will greatly simplify service procedures, according to Stempel.

It will replace Allison's current line of AT, MT and HT automatic 4-speed and 5-speed transmissions, which have had record sales the past two years, an Allison Transmission Division spokesman confirmed.

Deere reports profit for quarter

MOLINE, Ill. — Deere & Co. reported net income of $32.6 million in the fourth quarter of its fiscal 1987 year ended Oct. 31, compared with a net loss of $139.7 million in last year's strike-affected final quarter.

Fourth-quarter 1987 income included $39.9 million of income tax benefits resulting mainly from tax loss carryforwards.

For the full year, Deere had a net loss of $99 million or $1.46 per share, compared with a net loss of $229 million or $3.33 per share in fiscal 1986.

Deere Chairman Robert A. Hanson said that while a number of important agricultural indicators improved during the year, he was still cautious because of uncertainties in the market outlook.

Deere's initial worldwide production schedules for 1988 will be about 20 percent higher than actual 1987 output, which was affected by three months of the work stoppage.

Most of the increase is scheduled for the first half of the year.

Deere's North American agricultural and industrial equipment production schedules are up significantly over last year.

Overseas production is scheduled to be slightly higher.

However, Deere still will be operating far below maximum capacity, Hanson added.